

104TH CONGRESS
1ST SESSION

H. R. 2514

To amend the Internal Revenue Code of 1986 to make the research credit permanent and to allow such credit for expenses attributable to certain collaborative research consortia.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 19, 1995

Mr. ZIMMER (for himself, Mr. LEVIN, and Mr. CAMP) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to make the research credit permanent and to allow such credit for expenses attributable to certain collaborative research consortia.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RESEARCH CREDIT MADE PERMANENT;**
4 **CREDIT FOR EXPENSES ATTRIBUTABLE TO**
5 **CERTAIN COLLABORATIVE RESEARCH CON-**
6 **SORTIA.**

7 (a) CREDIT MADE PERMANENT.—Section 41 of the
8 Internal Revenue Code of 1986 (relating to credit for in-

1 creasing research activities) is amended by striking sub-
2 section (h).

3 (b) CREDIT FOR EXPENSES ATTRIBUTABLE TO CER-
4 TAIN COLLABORATIVE RESEARCH CONSORTIA.—

5 (1) IN GENERAL.—Subsection (a) of section 41
6 of such Code is amended by striking “and” at the
7 end of paragraph (1), by striking the period at the
8 end of paragraph (2) and inserting “, and”, and by
9 adding at the end the following new paragraph:

10 “(3) 20 percent of the sum of—

11 “(A) the qualified consortia expenses (as
12 defined in subsection (f)) to the extent such ex-
13 penses do not exceed the amount described in
14 subparagraph (B), and

15 “(B) the amount paid in cash during the
16 taxable year to a qualified collaborative re-
17 search consortium for qualified collaborative re-
18 search (as defined in subsection (f)).”

19 (2) RULES RELATING TO QUALIFIED RESEARCH
20 CONSORTIA.—Section 41 of such Code is amended
21 by redesignating subsections (f) and (g) as sub-
22 sections (g) and (h), respectively, and by inserting
23 after subsection (e) the following new subsection:

24 “(f) RULES RELATING TO QUALIFIED RESEARCH
25 CONSORTIA.—For purposes of subsection (a)(3)—

1 “(1) IN GENERAL.—The term ‘qualified consor-
2 tia expenses’ means, with respect to any taxable
3 year, the sum of the following amounts which are
4 paid or incurred by the taxpayer during the taxable
5 year:

6 “(A) Any wages paid or incurred to an em-
7 ployee of the taxpayer for services performed by
8 such employee in qualified collaborative re-
9 search or in direct support of employees per-
10 forming qualified collaborative research.

11 “(B) Any amount paid or incurred for sup-
12 plies used in the conduct of qualified collabo-
13 rative research.

14 “(2) QUALIFIED COLLABORATIVE RESEARCH
15 CONSORTIUM.—The term ‘qualified collaborative re-
16 search consortium’ means any organization de-
17 scribed in subsection (e)(6)(B) if—

18 “(A) at least 15 unrelated taxpayers paid
19 (during the calendar year in which the taxable
20 year of the taxpayer begins) amounts to such
21 organization for qualified collaborative research,

22 “(B) no 3 persons paid during such cal-
23 endar year more than 50 percent of the total
24 amounts paid during such calendar year for
25 qualified collaborative research, and

1 “(C) no person contributed more than 25
2 percent of such total amounts.

3 For purposes of subparagraph (A), all persons treat-
4 ed as a single employer under subsection (a) or (b)
5 of section 52 shall be treated as related taxpayers.

6 “(3) QUALIFIED COLLABORATIVE RESEARCH.—
7 The term ‘qualified collaborative research’ means
8 qualified research—

9 “(A) which is carried on in the public in-
10 terest and the results of which are made avail-
11 able to the public on a nondiscriminatory basis,
12 and

13 “(B) which is performed or supervised by
14 a qualified collaborative research consortium.

15 “(4) REDUCTION FOR AMOUNTS EXPENDED ON
16 INELIGIBLE RESEARCH.—The amount which, but for
17 this paragraph, would be taken into account under
18 subsection (a)(3)(B) by the taxpayer for any taxable
19 year shall be reduced by an amount which bears the
20 same ratio to such amount as—

21 “(A) the amount paid or incurred during
22 the calendar year in which such taxable year
23 begins by the consortia for research which is
24 not qualified research, bears to

1 “(B) the total amount paid or incurred
2 during such calendar by the consortia for re-
3 search.

4 “(5) DENIAL OF DOUBLE BENEFIT.—Any
5 amount taken into account under subparagraph (A)
6 or (B) of subsection (a)(3) shall not be taken into
7 account under subparagraph (A) or (B) of para-
8 graph (1), or under paragraph (2), of subsection
9 (a).”

10 (c) EFFECTIVE DATES.—

11 (1) CREDIT MADE PERMANENT.—The amend-
12 ment made by subsection (a) shall apply to amounts
13 paid or incurred after June 30, 1995, in taxable
14 years ending after such date.

15 (2) PAYMENTS TO CONSORTIA.—The amend-
16 ments made by subsection (b) shall apply to taxable
17 years beginning after the date of the enactment of
18 this Act.

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